

Message Text

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ORIGIN STR-04

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /122 R

DRAFTED BY STR:ELAPP:MEH

APPROVED BY EB/OT/TA:WBARRACLOUGH

EB/OT/TA:BREDECKER

COMMERCE:TCE:MR. LARSON

ARA/ECP:SROGERS

NEA:RA:DMORRISON

AF/EP:RDUNCAN

EUR/RPE:JMCCARTHY

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P 122318Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY BONN PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

AMEMBASSY BERN PRIORITY

AMEMBASSY VIENNA PRIORITY

AMEMBASSY MADRID PRIORITY

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AMEMBASSY ATHENS PRIORITY

AMEMBASSY ANKARA PRIORITY

AMEMBASSY BELGRADE PRIORITY

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AMEMBASSY TOKYO PRIORITY

AMEMBASSY CANBERRA PRIORITY
AMEMBASSY WELLINGTON PRIORITY
AMEMBASSY SEOUL PRIORITY
AMEMBASSY TAIPEI PRIORITY
AMEMBASSY MANILA PRIORITY
AMEMBASSY JAKARTA PRIORITY
AMEMBASSY SINGAPORE PRIORITY
AMEMBASSY BANGKOK PRIORITY
AMEMBASSY MEXICO PRIORITY
AMEMBASSY BRASILIA PRIORITY
AMEMBASSY MONTEVIDEO PRIORITY
AMEMBASSY LIMA PRIORITY
AMEMBASSY BOGOTA PRIORITY
AMEMBASSY BUENOS AIRES PRIORITY
AMEMBASSY SANTIAGO PRIORITY
AMEMBASSY CARACAS PRIORITY
AMEMBASSY ISLAMABAD PRIORITY
AMCONSUL KARACHI PRIORITY
AMEMBASSY TEL AVIV PRIORITY
AMEMBASSY TEHRAN PRIORITY
AMEMBASSY RABAT PRIORITY
AMEMBASSY NEW DELHI PRIORITY
AMEMBASSY ALGIERS PRIORITY
AMEMBASSY LAGOS PRIORITY
AMEMBASSY PRETORIA PRIORITY
INFO USMISSION EC BRUSSELS PRIORITY
USMISSION OECD PARIS PRIORITY

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: MOTOR VEHICLE DOMESTIC CONTENT REQUIREMENTS

1. IN COURSE OF CONSIDERATION OF ENERGY LEGISLATION
BOTH HOUSE WAYS AND MEANS AND SENATE FINANCE COMMITTEES
HAVE VOTED IN RECENT MONTHS AGAINST AN AFL-CIO PROPOSAL
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WHICH WOULD REQUIRE THAT ALL AUTOMOBILES IMPORTED INTO
THE U.S. ABOVE 1975 LEVELS CONTAIN A GIVEN PERCENTAGE
OF U.S. DOMESTIC CONTENT. AFL-CIO HAS CONTENDED THAT
THIS PROPOSAL IS SIMILAR TO PROVISIONS IN PLACE IN MOST
MAJOR AUTOMOBILE MANUFACTURING NATIONS IN THE WORLD.

2. ADMINISTRATION HAS RESPONDED REPEATEDLY THAT ONLY
DOMESTIC CONTENT SCHEMES NOW IN EFFECT ARE APPLIED TO

INVESTORS RATHER THAN IMPORTS. ADMINISTRATION HAS ALSO DISTINGUISHED RULES OF ORIGIN FROM DOMESTIC CONTENT SCHEME BEING PROPOSED BY AFL-CIO.

3. WE HAVE RECEIVED INDICATIONS THAT ADMINISTRATION'S REPRESENTATIONS NOTWITHSTANDING, SCHEME MAY BE RAISED AGAIN WITHIN THE NEXT TWO WEEKS. AS FINANCE COMMITTEE DEFEATED IT LAST JULY BY 9-8 VOTE, THE ISSUE COULD STILL GO EITHER WAY. ADOPTING SUCH A SCHEME WOULD POSE SERIOUS IMPLICATIONS. IT WOULD SUBJECT THE U.S. TO GATT-

LEGAL RETALIATION FROM MAJOR AUTO EXPORTING TRADING PARTNERS, UNDERMINE THE OECD TRADE PLEDGE, AND GREATLY COMPLICATE U.S. ACTIONS IN MTN. ACCORDINGLY, WE NEED TO BE IN STRONG POSITION TO CONTEST AFL-CIO ASSERTIONS BY BUTTRESSING PREVIOUS GENERAL ARGUMENTS THROUGH SUBMISSION ON COUNTRY BY COUNTRY BASIS OF THE DIFFERENCES BETWEEN AFL-CIO PROPOSALS AND SPECIFIC EXISTING SCHEMES.

4. ACTION REQUESTED: ADDRESSEES REQUESTED TO SUBMIT DESCRIPTION OF ANY AUTOMOBILE DOMESTIC CONTENT SCHEMES CURRENTLY IN EFFECT IN HOST COUNTRY, NOTING WHETHER SCHEME APPLIES TO INVESTORS, TO IMPORTS, OR IS PART OF SOME RULES OF ORIGIN SCHEME. IN ADDITION TO THOSE PROVIDED BY LAW OR ADMINISTRATIVE REGULATION ADDRESSEES SHOULD DESCRIBE ANY DE FACTO SCHEMES IN EFFECT. (FYI. CANBERRA: SENATE FINANCE COMMITTEE REPORTEDLY HAS BEEN NOTIFIED THAT AUSTRALIAN PRACTICES ARE NOT BASED ON SPECIFIC LAW OR REGULATION. CAN YOU CLARIFY?) FOR LDC POSTS: IN ADDITION TO ABOVE, PLEASE INDICATE BRIEFLY PURPOSE, OBJECTIVE OR RATIONALE BEHIND DOMESTIC CONTENT REQUIREMENTS.
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5. RESPONSE REQUESTED WITHIN FIVE WORKING DAYS, SO WE CAN TRANSMIT INFORMATION TO APPROPRIATE MEMBERS OF SFC BEFORE CONGRESS MAKES FINAL DECISION ON AFL-CIO

PROPOSAL. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VOTING, IMPORTS, CENTRAL LEGISLATURE, PROPOSALS (BID), AUTOMOBILES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE218027
Document Source: CORE
Document Unique ID: 00
Drafter: ELAPP:MEH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750317-0439
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750954/aaaabvnr.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2003 by ShawDG>; APPROVED <29 SEP 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOTOR VEHICLE DOMESTIC CONTENT REQUIREMENTS
TAGS: ETRD, GE, US, AFL-CIO
To: BONN MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006